

Amendment No. 16 to SB1991

Clabough
Signature of Sponsor

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 4-4-124, is amended by deleting the section in its entirety.

SECTION 2. Tennessee Code Annotated, Title 4, Chapter 7, Part 2, is amended by adding the following language as a new, appropriately designated section:

§ 4-7-209. Implementation of salary increases, pursuant to this part based on step schedules, is suspended for the fiscal years beginning on July 1, 2003 and July 1, 2004.

SECTION 3. Tennessee Code Annotated, Section 8-7-201, is amended by adding the following language as a new, appropriately designated subsection:

(g) Implementation of salary increases, pursuant to the pay schedule prescribed in this section, is suspended for the fiscal years beginning on July 1, 2003 and July 1, 2004.

SECTION 4. Tennessee Code Annotated, Section 8-7-226, is amended by designating the existing language as subsection (a) and by adding the following new language, to be designated as subsection (b):

(b) Implementation of salary increases, pursuant to the pay schedule prescribed in subsection (a), is suspended for the fiscal years beginning on July 1, 2003 and July 1, 2004.

SECTION 5. Tennessee Code Annotated, Section 8-7-230, is amended by designating the existing language as subsection (a) and by adding the following new language, to be designated as subsection (b):

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

(b) Implementation of salary increases, pursuant to the pay schedule prescribed in subsection (a), is suspended for the fiscal years beginning on July 1, 2003 and July 1, 2004.

SECTION 6. Tennessee Code Annotated, Section 8-14-202(g), is amended by deleting the subsection in its entirety.

SECTION 7. Tennessee Code Annotated, Section 8-14-207(b), is amended by adding the following language as a new, appropriately designated subdivision:

(4) Implementation of salary increases, pursuant to the pay schedule prescribed in this subsection, is suspended for the fiscal years beginning on July 1, 2003 and July 1, 2004.

SECTION 8. Tennessee Code Annotated, Section 8-14-207(c), is amended by adding the following language as a new, appropriately designated subdivision:

(5) Implementation of salary increases, pursuant to the pay schedule prescribed in this subsection, is suspended for the fiscal years beginning on July 1, 2003 and July 1, 2004.

SECTION 9. Tennessee Code Annotated, Section 8-23-206(d)(2), is amended by inserting after the words "or otherwise" the following punctuation and words:

; provided, however, the provisions of this section shall apply to such persons during any year in which implementation of such automatic annual raises is suspended by law

SECTION 10. Tennessee Code Annotated, Section 8-27-201(b), is amended by deleting the subsection in its entirety and by substituting instead the following:

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

(b) At the level established within the general appropriations act each year, the various departments, agencies, boards and commissions of state government shall pay, on behalf of each participating employee within the respective departments, agencies, boards and commissions, a fixed portion of the cost of each individual's participation in the basic group insurance plan established pursuant to subdivision (a)(1). The committee may, in its discretion, establish premiums for each component of the basic plan coverage, in which case the payment on behalf of participating employees may vary among the different components of plan coverage. The committee shall not consider the cost of life insurance in excess of fifty thousand dollars (\$50,000) in computing the payment to be made on behalf of participating employees. Such optional plans as the committee may adopt pursuant to subdivision (a)(2) shall be fully paid by the participating employees.

SECTION 11.

(a) Tennessee Code Annotated, Section 8-30-320(a)(1)(B), is amended by deleting the period at the end of the third sentence and by substituting instead the following language:

, subject to a determination by the commissioner of finance and administration that such notice should be waived.

(b) Tennessee Code Annotated, Section 8-30-320(a)(1)(B), is further amended by inserting the following sentence between the second and third sentences:

The commissioner of finance and administration may waive up to sixty (60) days of the ninety (90) day notice period if, and only if, deemed necessary by the

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

commissioner by reason of shortage of funds; and notification of such waiver shall be reported, prior to the effective date of such waiver, to the chairs of the finance, ways and means committees of the senate and house of representatives.

SECTION 12.

SECTION 13. Tennessee Code Annotated, Section 8-50-906, is amended by adding the following language as a new, appropriately designated subsection:

(d) Notwithstanding any provision of law to the contrary, all minor costs associated with the administration and implementation of the sick leave bank, including salaries and benefits of personnel who are directly utilized to administer the sick leave bank, shall be paid from funding sources other than state appropriations.

SECTION 14. Tennessee Code Annotated, Section 9-3-210, is amended by deleting the section in its entirety and substituting instead the following:

(a) The comptroller of the treasury shall charge an audit fee to each county for performance of an audit under the provisions of this part and Title 4, Chapter 3, Part 3. The fee shall be determined as set forth in subsection (b). The fee shall be payable to the comptroller by June 30 of each year.

(b) The comptroller shall charge a fee based on a percentage of total actual direct audit costs incurred by the comptroller for performing the most recent annual audits. The percentage shall be determined annually by the comptroller. Actual direct audit costs shall include personnel and travel expenses required to perform the audit. In

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

addition to the percentage of actual direct audit costs, the comptroller shall also charge for printing and mailing the annual audit report.

(c) The comptroller shall charge a fee based on total actual direct cost as defined in subsection (b) for the following: audits of special school districts, watershed districts, judicial drug task forces, and county related agencies not included in the annual audit; audits requiring special or extended procedures; budget assistance rendered to counties; and financial assistance and other similar services. In addition to the actual direct audit costs the comptroller shall also charge the cost of printing and mailing audits.

SECTION 15. Tennessee Code Annotated, Section 9-4-211(a)(2), is amended by adding the following language as a new, appropriately designated item:

(C) The provisions of subdivision (a)(2) shall not apply for the fiscal year beginning on July 1, 2003 and ending on June 30, 2004."

SECTION 16. Tennessee Code Annotated, Section 12-4-320(a), is amended by deleting the phrase "The board for licensing health care facilities shall," and by substituting instead the following:

The board for licensing health care facilities may,

SECTION 17. Tennessee Code Annotated, Section 40-30-309, is amended by adding the following language as a new, appropriately designated subsection:

(d) Notwithstanding any provisions of law to the contrary, the suspension of salary increases applicable to district public defenders and assistant public defenders for the fiscal years beginning on July 1, 2003 and July 1, 2004 shall also apply to post-conviction defenders and assistant post-conviction defenders.

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

SECTION 18. Tennessee Code Annotated, Section 38-6-102(d), is amended by deleting the subsection in its entirety.

SECTION 19.

SECTION 20. Tennessee Code Annotated, Section 50-6-127(c), is amended by deleting the subsection in its entirety.

SECTION 21. Tennessee Code Annotated, Section 55-4-103(h), is amended by deleting the figures "2000" in both sentences and by substituting instead the figures "2006" in both sentences; by deleting the period "." at the end of the first sentence of subsection (h) and by inserting the following language at the end of the sentence:

; provided, however, that the issue of the new registration plates on January 1, 2006, and any subsequent fifth anniversaries shall be deferred to a later January 1 if funds for the reissue of the registration plates are not appropriated specifically in the general appropriations act."

SECTION 22.

SECTION 23.

SECTION 24.

SECTION 25.

SECTION 26.

SECTION 27.

SECTION 28. Tennessee Code Annotated, Section 4-6-110, is amended by deleting the language ", the Tennessee Preparatory School".

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

SECTION 29. Tennessee Code Annotated, Section 8-30-101(23)(H), is amended by deleting the language ", the Tennessee Preparatory School".

SECTION 30. Tennessee Code Annotated, Section 8-50-935, is amended by deleting the language ", the Tennessee Preparatory School".

SECTION 31. Tennessee Code Annotated, Section 37-5-106, is amended by deleting item (16) and by renumbering the remaining items accordingly.

SECTION 32. Tennessee Code Annotated, Section 37-5-121, is amended by deleting the section in its entirety.

SECTION 33. Tennessee Code Annotated, Section 37-5-503(4), is amended by deleting the language "; and provided further, that the Tennessee Preparatory School is not excluded from approval pursuant to this part".

SECTION 34. Tennessee Code Annotated, Section 49-1-214(d), is amended by deleting the language ", the School for the Deaf, and the Tennessee Preparatory School" and by substituting instead the language "and the School for the Deaf".

SECTION 35. Tennessee Code Annotated, Section 49-50-1001, is amended by deleting the section in its entirety and by substituting instead the following:

It is the duty of the state board of education to:

(1)

(A) Control the Tennessee School for the Blind, the Tennessee School for the Deaf and the Alvin C. York Agricultural Institute; to elect, on the recommendation of the commissioner, the president, superintendents, teachers, officers and other employees for such schools;

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

to fix, on the recommendation of the commissioner, the salaries and terms of office of such officers and employees; and to prescribe curricula and other requirements for diplomas and degrees.

(B) For the purposes of this part, the following definitions apply:

(i) "Commissioner" means the commissioner of education in any reference to the Tennessee School for the Blind, Tennessee School for the Deaf and the Alvin C. York Agricultural Institute;

(ii) "Department" means the department of education in any reference to the Tennessee School for the Blind, Tennessee School for the Deaf and the Alvin C. York Agricultural Institute.

(2) Receive donations of money, property or securities from any source for the benefit of the institutions named in subdivision (1)(A), which funds it shall, in good faith, disburse in accordance with the conditions of such gifts. Subject to the terms and conditions of legislative appropriations therefor, the board shall have the power to purchase land, to condemn land, erect buildings and equip the same for the schools on such terms as it may deem advisable and advantageous and to pay for the same out of funds appropriated or donated to or for the schools; and the board shall be vested with title to property so purchased or acquired;

(3) Administer the Tennessee School for the Blind and the Tennessee School for the Deaf and to exercise with respect to these schools all the powers

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

conferred upon it by § 12-1-109 and chapter 10, parts 8 and 9 of this title. Any funds or appropriations for the maintenance, improvement and/or operation of these institutions shall be added to those made for other educational purposes to be expended under the direction of the state board of education;

(4) Approve the budgets of the Tennessee School for the Blind and the Tennessee School for the Deaf, before they are submitted to the governor and commissioner of revenue for approval and transmission to the general assembly;

(5) Develop and adopt rules and regulations to achieve for the school year a duty-free lunch period for all teachers, kindergarten through grade twelve (K-12), of at least the length of the student lunch period, during which time the teacher has no other assigned responsibilities;

(6) Employ elementary guidance counselors consistent with the requirements for local education agencies set forth in § 49-6-303; and

(7) Promulgate rules providing employees of the Tennessee School for the Blind, the Tennessee School for the Deaf, the Alvin C. York Institute, and any other special school hereafter established, the right to appeal decisions of the commissioner relative to adverse job actions, to the full board. Rules shall be promulgated in accordance with the uniform administrative procedures act, compiled in title 4, chapter 5. Appeals filed pursuant to rules promulgated in compliance with this section shall be contested cases under title 4, chapter 5, part 3.

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

SECTION 36. Tennessee Code Annotated, Section 49-50-1002(a), is amended by deleting the language "the Tennessee Preparatory School,"

SECTION 37. Tennessee Code Annotated, Section 49-50-1003(a), is amended by deleting the language "the Tennessee Preparatory School,".

SECTION 38. Tennessee Code Annotated, Section 41-4-121, is amended by adding the following language as a new, appropriately designated subsection:

(d) If a prisoner is transferred to the department of correction for safekeeping pursuant to this section, then the county shall reimburse the department for the cost of incarcerating the prisoner.

SECTION 39. Tennessee Code Annotated, Section 49-3-351, is amended by adding the following language as a new, appropriately designated subsection:

(e) Notwithstanding any other law or resolution, formula policy, or guideline of the state board of education or approval of the commissioners of education and finance and administration to the contrary, beginning on July 1, 2003, no funding stability or hold-harmless factor shall affect the distribution of state funds to the local education agencies under the basic education program (BEP) funding formula. It is the legislative intent that the BEP formula not include a factor that would delay by one year or any other time period any decrease in state funding to a local education agency under the formula, such as the stability factor adopted by the state board of education on April 3, 1997. The provision of subsection (a) of this section to the contrary notwithstanding, the formula change provided in this subsection shall not be referred for review and recommendation

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

to the education committees of the senate and house of representatives and shall not be subject to approval by resolutions of the senate and house of representatives.

SECTION 40. Tennessee Code Annotated, Section 49-1-302(a)(4), is amended by redesignating the existing subdivision as item (a)(4)(A) and by adding the following new language, to be designated as item (B):

(B) The state board of education is directed that the basic education program (BEP) funding formula, effective July 1, 2003, and thereafter, shall not contain a stability factor or hold-harmless provision intended to delay by one year or any time period any future decrease in state funding to a local education agency under the formula, such as that adopted by the board on April 3, 1997. The state board of education is further directed that no changes in the BEP formula be made that would negate the legislative intent to terminate such hold-harmless or stability factor. The board is further directed that this formula change shall not be referred to the basic education program review committee appointed by the board. The board of education and the commissioners of education and finance and administration are further directed that by July 1, 2003, they shall approve this formula change, and the commissioners shall distribute funds on this basis, whether or not the board of education has approved such formula change.”

SECTION 41.

SECTION 42.

SECTION 43.

SECTION 44.

SECTION 45.

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

SECTION 46.

SECTION 47.

SECTION 48.

SECTION 49.

SECTION 50. Tennessee Code Annotated, Section 67-4-409(g), is amended by designating the current language as subdivision (1) and by adding the following new language, to be designated as subdivision (2):

(2) During the fiscal years beginning on July 1, 2003 and July 1, 2004, all revenues, that would otherwise be credited to the wetland acquisition fund in accordance with the provisions of subdivision (1), shall instead be credited directly to the general fund.

SECTION 51. Tennessee Code Annotated, Section 67-4-409(i), is amended by adding the following language as a new, appropriately designated subdivision:

(8) During the fiscal years beginning on July 1, 2003 and July 1, 2004, all revenues, that would otherwise be credited to the local parks land acquisition fund in accordance with the provisions of subdivision (1), shall instead be credited directly to the general fund.

SECTION 52. Tennessee Code Annotated, Section 67-4-409(j), is amended by adding the following language as a new, appropriately designated subdivision:

(5) During the fiscal years beginning on July 1, 2003 and July 1, 2004, all revenues, that would otherwise be credited to the state lands acquisition fund in

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

accordance with the provisions of subdivision (1), shall instead be credited directly to the general fund.

SECTION 53. Tennessee Code Annotated, Section 67-4-409(l), is amended by adding the following language as a new, appropriately designated subdivision:

(5) During the fiscal years beginning on July 1, 2003 and July 1, 2004, all revenues, that would otherwise be credited to the agricultural resources conservation fund in accordance with the provisions of subdivision (1), shall instead be credited directly to the general fund.

SECTION 54. Tennessee Code Annotated, Section 67-4-2004(2)(A)(iii), is amended by inserting the following language as a new subdivision immediately after the existing subdivision (f) and by relettering the subsequent subdivisions accordingly:

(g) The holding of participation loans in which more than one (1) lender is a creditor to a common borrower.

SECTION 55. Tennessee Code Annotated, Section 67-4-2105(f), is amended by inserting the words and punctuation "except for a financial institution included in a unitary group of financial institutions otherwise subject to franchise and excise taxes," immediately after the words and punctuation "Notwithstanding any other provision to the contrary,".

SECTION 56. Tennessee Code Annotated, Section 67-4-2004(8), is amended by deleting the subdivision in its entirety and by substituting instead the following:

"Financial institution" means a holding company, any regulated financial corporation, a subsidiary of a holding company or a regulated financial corporation, an investment entity that is indirectly more than 50% owned by a holding company or a

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

regulated financial corporation, or any other person that is carrying on the business of a financial institution. However, "financial institution" does not include insurance companies subject to tax under Tennessee Code Annotated, Sections 56-4-201 through 56-4-214;

SECTION 57. Tennessee Code Annotated, Section 67-4-2004, is amended by adding the following language as new, appropriately numbered items:

"Investment entity" means any person that receives more than 50% of its gross income from investment securities and from the business of a financial institution;

"Investment securities" means for purposes of this section any note, United States treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock and other securities, participations in securities backed by mortgages held by the United States or state government agencies, loan-backed securities, bonds, debenture, evidence of indebtedness, and other similar investments;

SECTION 58.

SECTION 59.

SECTION 60.

SECTION 61.

SECTION 62.

SECTION 63.

SECTION 64.

SECTION 65.

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

SECTION 66.

SECTION 67. Tennessee Code Annotated, Section 68-1-1503(a), is amended by deleting the language "The commissioner of health shall:" and by substituting instead the following:

The commissioner of health may:

SECTION 68. Tennessee Code Annotated, Section 68-1-1503(b), is amended by deleting the language "The commissioner of health shall establish," and by substituting instead the following:

The department of health may establish,

SECTION 69. Tennessee Code Annotated, Section 68-49-101, is amended by deleting the language "The department of health shall establish" and by substituting instead the following:

The department of health may establish

SECTION 70. Tennessee Code Annotated, Section 70-1-309, is amended by inserting the following language immediately after the word and punctuation "fiscal year.":

During the fiscal years beginning on July 1, 2003 and July 1, 2004, the payment of any such adjustment in the salary administration plan shall be conditional upon funding for such increase being appropriated specifically in the general appropriations act for such years.

SECTION 71. Tennessee Code Annotated, Title 4, Chapter 3, Part 10, is amended by adding the following language as a new section:

§ 4-3-1013.

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

(a) Notwithstanding any provision of the law to the contrary, subject to the specific provisions of an appropriation act, the commissioner of finance and administration is authorized to deny carry forwards for, and to transfer funds from, the funds, reserves accounts or programs identified in subsection (c) to the state general fund for the purpose of meeting the requirements of funding the operations of state government for the fiscal year ending June 30, 2003. The authorization provided for in the preceding sentence shall not apply to allow the transfer of any fund balances which are mandated by federal law to be retained in such fund. This authority shall apply to transfers and carryforwards necessary to fund the expenditures for the state for the fiscal years ending June 30, 2003 and June 30, 2004.

(b) No funds shall be transferred unless specifically appropriated in an appropriations act and such funds shall only be expended in accordance with the provisions of such act.

(c) Transfers are authorized from the following funds, reserve accounts and programs:

- (1) Tennessee Housing Development Authority assets funds created or referenced in title13, chapter 23, part 4;
- (2) Parole and probation supervision and rehabilitation accumulated fees created or referenced in title 40, chapter 28, part 2;
- (3) Department of correction work release supervision and rehabilitation accumulated fees created or referenced in title 40, chapter 28, part 2;

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

- (4) Temporary assistance for needy families Families First Program created or referenced in title 71, chapter 3, part 1;
- (5) Department of Safety computerized titling and registration system accumulated fees created or referenced in title 55, chapter 4, part 1;
- (6) Wetland acquisitions fund created or referenced in title 67, chapter 4, part 4;
- (7) Wetland compensation fund created or referenced in title 11, chapter 14, part 4;
- (8) Local parks land acquisition fund created or referenced in title 67, chapter 4, part 4;
- (9) State lands acquisition fund created or referenced in title 67, chapter 4, part 4;
- (10) State land compensation fund created or referenced in title 11, chapter 14, part 4;
- (11) Agriculture resource conservation fund created or referenced in title 67, chapter 4, part 4;
- (12) Alcohol and drug addiction treatment fund created or referenced in title 40, chapter 33, part 2;
- (13) Traumatic brain injury fund created or referenced in title 68, chapter 55, part 4;
- (14) Finance and administration electronic fingerprint imaging systems fund created or referenced in title 67, chapter 4, part 6;

Amendment No. 16 to SB1991

Clabough
Signature of Sponsor

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

- (15) Tennessee bureau of investigation finger print criminal history data base accumulated fees created or referenced in title 39, chapter 17, part 13;
- (16) Tennessee bureau of investigation expunged criminal offender pretrial diversion data base accumulated fees created or referenced in title 38, chapter 6, part 1 and title 40, chapter 32, part 1;
- (17) Department of safety driver education fund created or referenced in title 67, chapter 4, part 6;
- (18) Department of education driver education fund created or referenced in title 67, chapter 4, part 6;
- (19) Motorcycle rider safety fund created or referenced in title 55, chapter 51, part 1;
- (20) Sex offender treatment program created or referenced in title 39, chapter 13, part 7;
- (21) Industries for the blind fund created or referenced in title 71, chapter 4, part 4;
- (22) Voting machines loan fund created or referenced in title 2, chapter 9, part 1;
- (23) Domestic violence community education fund created or referenced in title 36, chapter 3, part 6;
- (24) Tennessee judicial information system fund created or referenced in title 16, chapter 3, part 8;

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

- (25) Tennessee advisory commission on intergovernmental relations
accumulated balances or carry over funds created or referenced in title 4,
chapter 10, part 1;
- (26) Safe schools program created or referenced in title 49, chapter 6, part 43;
- (27) Special schools created or referenced in title 49, chapter 50, part 10;
- (28) Not with standing T.C.A. Sections 54-2-102 and 54-2-103 or any other
provision of law to the contrary, department of transportation funds in the
highway fund or other funds created or referenced in titles 54, 55, 57, 65 and
67;
- (29) Fraud and economic crimes funds created or referenced in title 40,
chapter 3, part 2;
- (30) Emergency communications funds created or referenced in title 7,
chapter 86, part 1;
- (31) Deferred revenue account created or reference in title 65, chapter 1, part
2 and any other reserve fund maintained by the Tennessee regulatory
authority;
- (32) Health service development agency fund created or referenced in title 68,
chapter 11, part 16;
- (33) Oil and gas reclamation fund created or referenced in title 60, chapter 1,
part 4;
- (34) State board of accountancy fund created or referenced in title 62, chapter
1, part 1;

Amendment No. 16 to SB1991

Clabough
Signature of Sponsor

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

- (35) Nursing home residents fund created or referenced in title 68, chapter 11, part 8;
- (36) Agricultural regulatory fund created or referenced in title 43, chapter 1, part 7;
- (37) Dairy promotion board fund created or referenced in title 44, chapter 19, part 1;
- (38) Hazardous waste remedial action fund created or referenced in title 68, chapter 212, part 1;
- (39) Voluntary cleanup fund created or referenced in title 68, chapter 212, part 2;
- (40) Underground storage tanks fund created or referenced in title 68, chapter 215, part 1;
- (41) Surface mine reclamation fund created or referenced in title 59, chapter 8, part 2;
- (42) Divorcing parents mediation fund created or referenced in title 36, chapter 6, part 4;
- (43) Division of regulatory boards fund created or referenced in title 56, chapter 1, part 3;
- (44) Child safety fund created or referenced in title 55, chapter 9, part 6;
- (45) Health access incentive fund created or referenced in title 66, chapter 29, part 1;
- (46) Solid waste fund created or referenced in title 68, chapter 211, part 8;

Amendment No. 16 to SB1991

Clabough
Signature of Sponsor

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

- (47) Used oil collection fund created or referenced in title 68, chapter 211, part 10;
- (48) Drycleaner environmental response fund created or referenced in title 68, chapter 217, part 1;
- (49) Minority owned telecom business fund created or referenced in title 65, chapter 5, part 2;
- (50) Real estate education and recovery education fund created or referenced in title 62, chapter 13, part 2;
- (51) Real estate education and recovery claims fund created or referenced in title 62, chapter 13, part 2;
- (52) Auctioneer education and recovery fund created or referenced in title 62, chapter 19, part 1;
- (53) C.I.D. anti-theft fund created or referenced in title 55, chapter 3, part 2;
- (54) Railroad inspection fee created or referenced in title 65, chapter 3, part 2;
- (55) Utility relocation loan program fund created or referenced in title 67, chapter 3, part 20;
- (56) Education trust fund created or referenced in title 49, chapter 3, part 3;
- (57) Environmental protection fund created or referenced in title 68, chapter 203, part 1;
- (58) Lead based paint abatement fund created or referenced in title 68, chapter 131, part 4;

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

- (59) Employment security special administration fund created or referenced in title 50, chapter 7, part 5;
- (60) Insurance fees created or referenced in title 56, chapter 2, part 5; title 56, chapter 4, part 1; title 56, chapter 6, part 1; title 56, chapter 14, part 1; title 56, chapter 32, part 2; title 56, chapter 35, part 1; and title 55, chapter 18, part 1;
- (61) Reserves for casualty losses created or referenced in title 12, chapter 3, parts 6 and 9;
- (62) Health related board fund created or referenced in title 63, chapter 1, part 1;

SECTION 72. Tennessee Code Annotated, Section 67-4-2006(b)(1), is amended by adding the following as a new subitem (L):

(L) Any otherwise deductible intangible expense paid, accrued or incurred in connection with a transaction with one or more affiliated business entities that are primarily engaged in the acquisition, use, maintenance or management, ownership, sale, exchange or any other disposition of intangible property. The adjustments in this subdivision shall not apply to such portion of the intangible expenses that the taxpayer can establish meets one (1) of the following:

- (i) The taxpayer paid, accrued, or incurred such portion to a person during the same fiscal year who is not an affiliated business entity; or
- (ii) The transaction giving rise to the intangible expenses has a substantial business purpose and economic substance and contains terms and

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

conditions comparable to a similar arm's length transaction between nonaffiliated business entities.

For purposes of subdivision (i) and (ii) above, the taxpayer shall establish that it meets the required criteria in accordance with the procedures set forth in subsection (d). Nothing in this subdivision shall be construed to limit or negate the provisions of Sections 67-4-2014 or 67-4-2112 where deemed appropriate by the commissioner.

For purposes of this section the following definitions shall apply:

(a) "Affiliated business entity" means a business entity in which the taxpayer, directly or indirectly, has more than fifty percent (50%) ownership interest or a business entity that, directly or indirectly, has more than fifty percent (50%) ownership interest in the taxpayer.

(b) "Intangible expense" means expenses related to, or in connection with, the acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property to the extent such amounts are allowed as deductions or costs in determining federal taxable income for purposes of subsection (a) above.

(c) "Intangible property" means patents, patent applications, trade names, trademarks, service marks, franchise rights, copyrights, licenses, research, management, consulting or technical expertise, formulas, designs, patterns, processes, formats, and similar types of intangible assets.

SECTION 73. Tennessee Code Annotated, Section 67-4-2006(b)(2), is amended by adding the following as a new subitem (N):

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

(N) Any item of income included in the computation of the taxpayer's federal taxable income for purposes of subsection (a) above, that, due to the provisions Section 67-4-2006(b)(1)(L), has not been allowed as an expense deduction for an affiliated business entity subject to the excise tax levied by this part.

SECTION 74. Tennessee Code Annotated, Section 67-4-2006, is amended by adding the following as a new subsection immediately after the existing subsection (c) and relettering the remaining subsections accordingly:

The following procedures must be used to establish that a taxpayer meets the required criteria set forth in Tennessee Code Annotated, Section 67-4-2006(b)(1)(L)(i) and (ii):

(1) The taxpayer must first submit to the Commissioner a written request seeking approval for an exemption from making the required adjustments to the taxpayer's net earnings or net losses. Documentation as required by the Commissioner must be provided to establish that the intangible expense meets the criteria set forth in (i) or (ii).

(2) After approval of the request, the Commissioner shall issue a letter to the taxpayer stating that the taxpayer has met the requirements set forth in subdivision (i) or (ii). This letter shall also state the effective date of this approval and shall apply to the first and subsequent tax periods beginning on or after the effective date.

(3) The approval shall continue in effect so long as the circumstances justifying the approval remain substantially unchanged, or until changed or

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

discontinued by the department, whichever occurs first. In the event that the department discontinues the approval, reasonable notice shall be given to the taxpayer affected, and any such discontinuation shall apply prospectively to the first and subsequent tax periods beginning on or after the date of such notice.

SECTION 75. Tennessee Code Annotated, Section 67-4-2006, is amended by deleting subsection (d) in its entirety and substituting instead the following language:

The amount computed under subsections (a), (b), (c), and (d) shall be the taxpayer's net earnings for purposes of the Tennessee excise tax base to which the tax rate is applied as provided in Tennessee Code Annotated, Section 67-4-2007.

SECTION 76. Tennessee Code Annotated, Section 55-4-274(b), is amended by deleting such subsection in its entirety and by substituting instead the following new language:

(b) Effective July 1, 2003, the funds derived from the sale of such Radnor Lake new specialty earmarked license plates, less the expense the state has incurred in designing and manufacturing such plates, shall be allocated to The Friends of Radnor Lake in accordance with the provisions of §55-4-215. Such funds shall be used exclusively to protect, preserve and promote the natural integrity of Radnor Lake Natural Area in Davidson County.

SECTION 77. Tennessee Code Annotated, Section 2-12-209(a) is amended by designating the current language as subdivision (a)(1) adding the following as a new language as a new subdivision (a)(2):

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

AMEND Senate Bill No. 1991

House Bill No. 2073*

In years in which the secretary of state is required to reduce the department of state's budget, the secretary is authorized to reduce any appropriations authorized by this section by nine percent (9%).

SECTION 78. Tennessee Code Annotated, Title 8, chapter 3, Part 1 is amended by adding the following language as a new appropriately designated section:

(a) The secretary of state is authorized to accept donations from persons, political subdivisions, foundations, corporations, firms or any other business entity for the express purpose of publishing the Tennessee Blue Book. The secretary of state shall control all aspects of the publication and distribution of the book including, but not limited to, complete editorial control, quantity published and distribution. No benefactor shall have authority to interfere with any aspect of development, publication, quantity published or distribution of the book.

(b) The secretary of state will determine the amount of money needed to publish the quantity desired and shall have the sole authority to select the benefactor(s). The funds received shall be used for the publication and distribution of the book. Such funds shall not revert to the general fund but shall be carried forward to the next fiscal year and remain available to the secretary of state until expended for the publications and distribution of future editions. None of these funds shall be used for the payment of employees' salaries.

(c) Acknowledgement of the chosen benefactors shall be included in the preface of the book. An appropriate acknowledgement shall be given based on generosity of the benefactor. Acknowledgement shall be in the form of a letter from the secretary of state

Amendment No. 16 to SB1991

**Clabough
Signature of Sponsor**

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 1991

House Bill No. 2073*

acknowledging the gift in a separate listing in the preface of the book. Notwithstanding any provisions of the law to the contrary, a benefactor shall have the first option of being chosen as the benefactor(s) of the next edition of the Tennessee Blue Book.

(d) The secretary of state shall maintain a list of all benefactors that shall include names, addresses and the amount of the benefactor's donation. Such a list shall be open and available to public inspection.

SECTION 79. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 80. Section 14 of this act shall take effect on July 1, 2003, the public welfare requiring it.

SECTION 81. Sections 54 through 57 of this act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to tax years ending on or after July 1, 2003.

SECTION 82. Sections 50 through 53 of this act shall take effect August 1, 2003, the public welfare requiring it.

SECTION 83. Sections 72 through 75 of this act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to tax years ending on or after June 30, 2003.

SECTION 84. All other sections of this act shall take effect upon becoming a law, the public welfare requiring it.

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Amendment No. 16 to SB1991

Clabough
Signature of Sponsor

AMEND Senate Bill No. 1991

House Bill No. 2073*